

all of those budgets passed with Republican Houses and Republican Senates, in the time he has been in Congress, he has doubled the amount of foreign-held debt, doubled the amount of borrowing we have done which has been bought up by countries other than the United States.

It took 42 Presidents 224 years to build up \$1 trillion of foreign debt. And it has taken this President 6 years to go to \$1.19 trillion. And this chart is a little old, too. It's even worse than that now. So it amuses me, Mr. Speaker, and a lot amuses me in Washington. As a freshman Member, I find a lot of things to sort of step back and laugh about. But to get lectured by a Republican, now in the minority, about fiscal responsibility, when it was their party in control of this House and in control of the Senate and running the administration that put us in the situation we are in today. So now it is our job to try to clean it up.

When I go back to my district, Mr. Speaker, I have a hard time explaining why some of the simple, commonsense measures that we have undertaken in this Congress weren't done years, decades ago. I use for an example what is called the pay-as-you-go rule. It is kind of the rule that most families and businesses use every day, which is we are only going to spend money that we have. We are going to put money out at the same rate money is coming in.

For some reason when the Republicans were running this House for the last 12 years, that wasn't the rule of the day. In fact, regularly they were spending American taxpayer dollars that they didn't have, that weren't in the bank. That is what rolled up these deficits that were rolling in at about \$300 billion a year. It's spending more money than we were taking in that is now responsible for a Federal deficit that balloons over \$1.2 trillion.

The majority, I am not sure the majority but a large amount of that deficit, that debt, those notes, those obligations being held by China and Japan and OPEC nations, all of these countries that we are sitting across the negotiating table from, being largely compromised by the fact that we owe a large amount of money that we are asking for policy considerations from.

So we decided, let's do something simple. When Speaker PELOSI came to the Speaker's chair, to the dais you sit on right now, Mr. Speaker, she decided in the first 100 hours we are here, let's say that every obligation that we decide to commit ourselves to, every new spending bill that may come before this House, let's within that bill explain exactly how we are going to pay for it. When I explain that back home, when I go to my Rotary groups or my Chamber of Commerce meetings and I explain that Congress now has decided to only spend what we have, and if we spend anything more in that bill we are going to tell you how we are going to spend it, people look at me with these blank stares saying on the inside and

on the outside: Why didn't you do this before?

This Republican Party that told us for years they were the party of fiscal responsibility in fact was running this budget into the ground; and could have, just by adopting a pretty simple pay-as-you-go rule, could have exerted some discipline on this House which was lacking almost completely for 12 years, now finally here.

I am pretty proud of Chairman RANGEL for his frankness as he was sort of mockingly given credit for earlier today, because the bill that he has put before us, the bill that fixes the alternative minimum tax, and I know we will spend some time talking about some really important topics as we head into the holidays regarding food safety and toy safety and drug safety, but first I want to talk about the alternative minimum tax because you didn't hear a word about it, you didn't hear anybody talking about it, at least when I was listening to the other side of the aisle, you didn't hear anybody talking about the very reason Chairman RANGEL and the Ways and Means Committee have dedicated themselves to tax relief because we are on the verge of the biggest tax increase on the middle class in perhaps the history of American tax policy courtesy of President Bush and the previous Republican majority here.

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So guess what? Yet again, it's left to this Democratic Congress, the New Direction Congress, to clean up yet another mess that was created by this prior Congress.

We're already trying to do it when it comes to children's health care. We're trying to reorder our energy policy. We're trying to clean up the ethical malaise that has settled on this town. So now we are also going to do it when it comes to this issue as well, to the alternative minimum tax.

In 1969, when the alternative minimum tax was passed by Congress it was pretty simple. They said, listen, with of the different tax loopholes and deductions and credits and offsets that people can take, there's going to be some people who make a lot of money who may be able, through creative tax planning, to avoid paying taxes to the United States Government. That's not right. That's not right.

And so in 1969, they passed a complicated formula called the alternative minimum tax, and in 1970, about 20,000 of the richest Americans paid the alternative minimum tax. Makes sense. Makes sense. Make sure that everybody pays some minimum level of taxation, especially those folks up at the top of the income stratosphere who have creative ways to avoid that tax situation.

Okay. So 20,000 people pay it in 1970, but guess what? Because Congress, after Congress fails to index the alternative minimum tax, in 2006, 3.5 million people end up paying it, and all of

the sudden it's not just the tax paid by the really, really rich people. It's a tax that starts to get paid for by people that look and sound and make incomes like you and I, and as we look at what happens in the next couple of years, it gets even worse.

By 2010, if we don't fix the alternative minimum tax, the AMT as people call it around here. I figured out in my short time here that everything has got an acronym, everything; even things where the word itself is shorter than the acronym, that's got an acronym. So this has got an acronym. The alternative minimum tax is called the AMT.

By 2010, just 2½ short years away, if we don't fix this, if we don't clean up the mess that this last Congress created on the AMT, 80 percent of people that make \$100,000, in Connecticut that's a middle-income family, 80 percent of people that make \$100,000 are going to be paying the alternative minimum tax, and it just gets worse from there.

Mr. ALTMIRE. Mr. Speaker, would the gentleman yield on that?

Mr. MURPHY of Connecticut. I would.

Mr. ALTMIRE. And this is something that's critical to understanding the tax policies that we're going to be considering in the remaining time that we have in the 110th Congress.

The alternative minimum tax, as the gentleman is pointing out, is something that has to be addressed. We simply cannot afford to ignore this issue any longer. We've been in a position where we have been giving 1-year fixes year after year. For 1 year we hold harmless the folks that should qualify for the AMT as it's currently written with that flawed formula, and we push it off another year, and it gets more expensive to fix every time we do that.

And what the gentleman from Connecticut is talking about is it was a flaw. In 1969, they created the alternative minimum tax to prevent people from escaping their tax obligations. They couldn't use deductions and loopholes and whatnot, and they didn't index it for inflation. So now we're 38 years later, and the income of 1969 that was considered rich at that point, due to 38 years of inflation, we have a different outlook on that.

So we have a situation where the alternative minimum tax is spiraling out of control. And you gave numbers, 4 million people affected by it this year. If we do nothing, it is going to be 23 million next year. So we can't ignore the problem, and our friends on the other side of the aisle can pretend like that's not part of the equation and this is not something that we have to deal with or this isn't going to have a cost. And I know this is something you're going to address later in your remarks and we can discuss that, but to say, well, we should just do nothing about this or we should pretend like this isn't going to have a budget impact is just not consistent with the facts.